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Federal Communications Commission  
Office of Secretary

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December 6, 1996

VIA HAND DELIVERY

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Mr. William F. Caton  
Acting Secretary  
Federal Communications Commission  
1919 M Street, N.W.  
Washington, D.C. 20554

RE: MM Docket No. 87-268 -- The Commission's Public Notice of  
November 27, 1996 (FCC 96-465) requesting comments on an  
agreement regarding technical standards for digital television ("DTV").

Dear Mr. Caton:

Transmitted herewith, on behalf of Philips Electronics North America  
Corporation and Thomson Consumer Electronics, Inc., is an original and 11 copies  
of their Comments in the above-referenced docket.

If you have any questions concerning this matter, please let me know.

Sincerely,

*Lawrence R. Sidman*

Lawrence R. Sidman

Counsel for Philips Electronics N.A. Corporation  
and Thomson Consumer Electronics, Inc.

Enclosures

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Before the  
**FEDERAL COMMUNICATIONS COMMISSION**  
Washington, D.C. 20554

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**DEC 6 1996**

*Federal Communications Commission  
Office of Secretary*

In the Matter of )

Advanced Television Systems )  
and Their Impact Upon the )  
Existing Television Broadcast )  
Service )

MM Docket No. 87-268

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**COMMENTS OF  
PHILIPS ELECTRONICS NORTH AMERICA CORPORATION  
AND THOMSON CONSUMER ELECTRONICS, INC.  
ON THE DIGITAL TV STANDARDS AGREEMENT**

Philips Electronics North America Corporation ("Philips"), a leading manufacturer of consumer electronics products and an employer of more than 30,000 people in the United States, and Thomson Consumer Electronics, Inc. ("Thomson"), also a major manufacturer and marketer of color TV receivers and related video hardware and an employer of nearly 10,000 in the United States, respectfully submit these comments in support of the agreement presented to the Commission by broadcasters, computer industry representatives ("CICATS") and television set manufacturers on the Commission's proposed adoption of the ATSC DTV Standard ("Agreement").

Throughout the Commission's ATV proceeding, and particularly within the past several years, Philips and Thomson have supported the adoption of an FCC-mandated DTV transmission standard, specifically the ATSC DTV standard, as an essential first step to ensuring a successful and speedy transition to DTV and to preserving the nation's system of free, over-the-air television. The Agreement now before the Commission is consistent with that goal.

The Agreement, in essence, calls upon the Commission to adopt the ATSC DTV standard without alteration, except for the video formats contained in Table 3. Those video formats would not become part of the FCC-approved standard but would remain part of the ATSC DTV standard which broadcasters could follow voluntarily. The remaining elements of the ATSC DTV standard alone represent an unparalleled technical accomplishment in the digital transmission of over-the-air video programming, an effort in which Philips and Thomson are proud to have played a major role.

The approach embodied in the Agreement serves the public interest in two important ways. First, while not providing the same level of certainty to set manufacturers, broadcasters and consumers as would flow from adoption of the entire ATSC DTV standard, Philips and Thomson believe that the Agreement will provide *sufficient* certainty to permit critical investments in DTV to move forward. These investments, in turn, will foster both a smooth transition to DTV in the United States and the rapid introduction of revolutionary improvements in free over-the-air television to all Americans. The ATSC DTV standard's 18 video formats, while not mandated for use by the Commission, will nevertheless remain a viable, industry-developed and supported standard that each broadcaster, in its discretion, will be free to implement on a voluntary basis.

Second, Philips and Thomson have repeatedly asserted that adoption of the ATSC DTV standard by the end of 1996 is essential if the United States is to compete effectively for global DTV markets and fully realize substantial economic and trade benefits, both for U.S. manufacturers and workers, here in the United States.<sup>1/</sup> Philips and Thomson continue

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<sup>1/</sup> See, Comments of Philips Electronics North America Corporation in the *Fifth Further Notice of Further Rulemaking*, MM Docket No. 87-268 ("*Fifth Further Notice*"), filed July 11, 1996, at 15-16, and Reply Comments of Philips in the *Fifth Further Notice*, filed August 12, 1996, at 21. See also, Comments of Thomson Consumer Electronics, Inc. in the *Fifth Further Notice*, filed July 11, 1996, at 2.

to believe that failure to adopt the standard by year's end will severely and irreversibly jeopardize these benefits and America's global position in DTV technology by enabling competing and inferior DTV systems to continue their quest to capture international and U.S. markets. By making the Agreement contingent upon the Commission's adoption of the ATSC DTV standard (except Table 3), as proposed, by no later than December 31, 1996, the Agreement is designed to ensure that these benefits will not be lost and that the United States once and for all will lay claim to the digital television technology that hopefully will emerge as the worldwide standard for digital transmission of video programming.

As noted in the Agreement, three out of four of the parties engaged in its negotiation -- broadcasters, CICATS and receiver manufacturers -- believe the Agreement provides a means to accommodate the concerns they have raised. Unfortunately, the fourth party, the Film Coalition, which for years has protested the use of "panning and scanning" as a means of cropping wider-format filmed materials for narrower TV screens, has not joined in its support for the Agreement. Although it is Philips' and Thomson's belief that the Agreement, in fact, embodies one of the positions taken by the Film Coalition -- namely that no single aspect ratio be mandated (accomplished through the removal of the mandated video formats), we recognize that, at the end of the day, this is a matter of contractual agreements between broadcasters and the creative community and not one that can be effectively resolved in the context of a technical standards-setting proceeding.

Finally, both Philips and Thomson believe that DTV receivers must be fully functional. Indeed, Philips and Thomson are persuaded that sets incapable of receiving *all* over-the-air programming, including that transmitted in high definition, will quickly become marketplace pariahs. On the assumption that broadcasters will voluntarily avail themselves and their viewers of the full benefits of HDTV, there is every reason to assume that

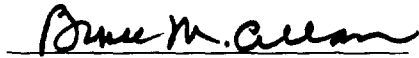
receivers will be capable of receiving all of the ATSC DTV standard's video formats, including those transmitted in high definition.

For these reasons, Philips and Thomson urge the Commission to adopt the ATSC DTV standard, minus Table 3, as proposed under the Agreement.

Respectfully submitted,

**PHILIPS ELECTRONICS N.A. CORPORATION  
THOMSON CONSUMER ELECTRONICS, INC.**

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